

All-Party Settlement Reached on PG&E Office Closures

As part of its TY 2007 GRC Application, PG&E proposed closing all of its 84 “front counters” at its local offices effective June 30, 2007.

- “Front counters” are staffed with PG&E employees who can accept payments, cancel shut-offs, and answer customer questions.
- PG&E claimed that its proposal to close all the front counters was justified because fewer than 10% of all customer service transactions take place at front counters, customers can make payments at neighborhood payment centers (NPCs), i.e., corner markets, drug stores, or call PG&E’s 800 number, and front counter service is the most costly method to PG&E for customers to conduct business.
- PG&E proposed to credit back \$37 million per year to customers in expenses to run the front counters.

DRA opposed closing the front counters because PG&E had not demonstrated that acceptable substitutes existed, or that PG&E’s proposal to close all the front counters at once was based on concrete data.

- DRA recommended PG&E develop an implementation plan for the next GRC if it wanted to pursue closing front counters.
- DRA based its recommendations, in part, on a study performed by Verdi & Company in 2001. The Verdi report reviewed the services provided by PG&E’s front counters, and the demographics of the customers who used them. The Verdi report recommended closing 12 specific front counters based on declining usage, and location and type of alternatives.

On April 3, 2007, all of the active parties on the issue--PG&E, DRA, TURN, the Farm Bureau, Greenlining and the Unions--filed a proposed Settlement. The Settlement includes the following provisions:

- PG&E can close 9 front counters within 6 months of a Commission decision adopting the Settlement. The 9 front counters to be closed are: Alameda, Newman, Orland, Willits, Corcoran, Willow Creek, Petaluma, Half Moon Bay, and Geyserville.
- PG&E will not seek permission to close additional front counters before its next GRC in 2011.
- PG&E will maintain at least the same number of NPCs in close proximity to the closed front counters, and will ensure that each has a public telephone within one block, or a phone onsite that customers can use to call PG&E.
- PG&E will provide specific data in any future requests to close front counters.
- PG&E will have a dedicated 800 number for agricultural customers and 2 agricultural account representatives to make field visits.
- PG&E will return \$2.76 million to customers for savings associated with closing the 9 offices.

The Settlement and Motion for Approval of Settlement are before ALJ Kenney.

- Comments on the Settlement are due April 18.
- Reply Comments are due April 23.

All-Party Settlement Reached on PG&E Office Closures

TERMS OF THE (PROPOSED) PG&E FRONT COUNTER SETTLEMENT

1. PG&E may close the following front counters within 6 months of Commission approval of the Settlement following additional customer notification and a 45-day posting at each location:
 - a. Alameda
 - b. Newman
 - c. Orland
 - d. Willits
 - e. Corcoran
 - f. Willow Creek
 - g. Petaluma
 - h. Half Moon Bay
 - i. Geyserville
2. In any future proposal to close front counters, PG&E will include data showing how the customers formerly served by the 9 closed offices received comparable payment and non-payment transaction services. Data shall include transaction volumes at Neighborhood Payment Centers (NPCs) in the vicinity of the closed offices before and after closure.
3. PG&E will conduct annual surveys twice to survey the percentage of customers who use the remaining 75 front counters after calling the Call Center to determine why they used the front counters after contacting the Call Center.
4. If PG&E at a later date seeks to close any of the remaining 75 front counters, PG&E shall include data showing that each type of transaction performed at a front counter can be adequately resolved by other means.
5. PG&E will make a good faith effort to continue to educate customers on alternative payment and non-payment transaction options.
6. For each of the 9 offices PG&E is closing, PG&E will maintain for the next 3 years at least the same number of NPCs in close proximity to the closed office as there existed on January 1, 2007. PG&E will ensure that there is a public phone within one block or a phone on the premises PG&E customers can use.
7. PG&E will create a call center with a toll free number staffed with agricultural specialists. If the line is used and valued by agricultural customers, PG&E will consider making this an ongoing service.
8. PG&E will dedicate 2 account representatives throughout the service area to address agricultural interests.
9. PG&E will encourage NPCs to provide bi-lingual staff and to stock brochures on PG&E's low income programs.
10. Impacted local office employees will have all the rights applicable under Title 19 and applicable IBEW/ PG&E Agreements.
11. PG&E is authorized to increase its pay station network to a maximum of 800 locations.
12. Total costs and savings to be returned to ratepayers is \$2,757,000. To pass this revenue requirement reduction to customers, PG&E will reduce the annual base revenue amounts recorded in the electric Distribution Revenue Adjustment Mechanism (DRAM) and the gas Core Fixed Cost Account (CFCA). The reduction is allocated 55% to electric and 45% to gas based on the number of customers.